

FSA OUTLOOK FOR THE FUTURE

FSA helps ensure that American agriculture remains competitive and productive in global markets. This Plan marks the culmination of an extensive planning process and describes the path FSA will travel over the next six years as FSA continues *equitably serving all farmers, ranchers, and agricultural partners by delivering effective and efficient agricultural programs for all Americans*.

FSA's Strategic Plan supports the broader strategy of the USDA as embodied in its four strategic goals:

- Enhance economic opportunities for agricultural producers.
- Support increased economic opportunities and improved quality of life in rural America.
- Enhance protection and safety of the Nation's agriculture and food supply.
- Protect and enhance the Nation's natural resource base and environment.

This 2005-2010 Strategic Plan signifies a new era at FSA. The Agency is embarking on a new way of doing business that will enhance FSA's relationships with its partners and its employees. FSA is committed to responding to customer needs. The Agency will continue to build and sustain the trust of its primary customers, farmers and ranchers, as well as the American public and those around the world who benefit from humanitarian food assistance.



During the past few years, the Agency has pursued many ways to create a more performance-based environment. As part of the Agency's commitment to well-informed management decisions, FSA established the Budget and Performance Management System (BPMS). While the Plan focuses on what FSA does, BPMS focuses on how the Agency will get it done. In October 2003, FSA put together a BPMS Core Team representing all core business areas. With substantial input from more than 450 internal and external stakeholders, this Core Team carefully crafted a Strategic Plan Framework (see Appendix A). With this structure, the Plan is a living document that sets long-term goals as well as day-to-day performance guidance. Figure 1 illustrates the BPMS framework and scorecard. FSA is transforming the way it conducts business so that its employees can work more efficiently and better measure results.

Figure 1. FSA Mission and Strategic Goal linkage to the new BPMS Management Scorecard

FSA is moving aggressively to realize its vision of strengthening U.S. agriculture. Since the 1930s, the USDA has had strong relationships with farmers and ranchers across America. FSA's primary responsibilities of equitably



helping farmers and ranchers begin, maintain, or rebuild their farms and ranches, and providing a financial *safety net* for the Nation's farmers and ranchers remain at the heart of FSA.

The Nation's farming industry generates year-round abundant, low-cost, secure, and nutritious food and other agricultural products for all Americans, overseas consumers, and food aid recipients worldwide. FSA will continue to promote and support this industry. However, FSA's responsibilities extend far beyond food and fiber production. The Agency has a critical stewardship role regarding America's natural resources and environment. FSA's mission is contemporary and forward-looking. To operate effectively in the 21st century and meet the challenges of shifting economic variables, FSA created dual visions that are customer-driven (Agency/internal) and socially responsible (societal/external). The FSA mission and visions are represented in the box below.

MISSION

Equitably serving all farmers, ranchers, and agricultural partners through the delivery of effective, efficient agricultural programs for all Americans.

AGENCY (INTERNAL)VISION

A customer-driven agency with a diverse and multi-talented workforce, dedicated to achieving an economically and environmentally sound future for American agriculture

SOCIETAL (EXTERNAL)VISION

A market-oriented, economically and environmentally sound American agriculture delivering an abundant, safe, and affordable food and fiber supply while sustaining quality agricultural communities.

FSA involved external stakeholders in developing the vision and direction of BPMS. The Agency listened closely. More than 200 external stakeholders participated in discussions. Most stressed the importance of improving program delivery processes, reducing the burden on the workforce, improving program design, and, for some, delivering automated access to program applications. With an eye on customer service and employee workload, FSA continues to implement business process improvements and to modernize its IT infrastructure and program delivery systems. In response to external stakeholders, this Plan emphasizes promoting the benefits of domestic agriculture and the value added through FSA programs to the American public. The Plan sets goals for improving Agency outreach and achieving more effective partnerships.

The Plan is flexible. Each year the Agency will evaluate its progress in meeting the Plan's goals when preparing its Performance Budget. FSA will update the Plan when major program or policy changes occur, and revise it every three years in accordance with the Government Performance and Results Act (GPRA) of 1993. As FSA approaches nearly three-quarters of a century of providing programs and services to America's farmers and ranchers and others around the world, the Agency remains committed to continuously improving the way it manages and delivers its programs.

PRINCIPLES

FSA's employees are guided by six principles that influence almost every aspect of work including: the way employees approach their responsibilities, the way management treats its employees, and the way employees treat their customers, partners, and each other. These principles are:

Exemplary Customer Service
Diversity
Ethical Conduct

Efficiency
Inclusive Decision Making
Fiscal Responsibility



The development of agricultural systems was a vital step forward in the advance of complex civilizations. A secure food supply allowed people to build larger and more stable communities, engage in long-range planning, provide more time for innovations in the arts and sciences, and generally improve their standard of living.

Agriculture has also played a pivotal role in America's history. FSA employees know that food and fiber are necessary to sustain a stable and prosperous culture. However, agriculture is an ever-developing enterprise. We can only guess how food and fiber will be produced in the future to meet consumer demand. This uncertainty arises from the challenges facing domestic agriculture, including:

- **Increased globalization and customer-driven markets** – Increased globalization and export competition coupled with changing consumer preferences and buying behavior.
- **Demographic shifts and production agriculture** – More minority and women farmers and farm owners, fewer small farms, more large and complex farms using new technology, more transient workers, and fewer traditional agricultural jobs.
- **Natural and man-made disasters** – Severe short- and long-term adverse weather conditions and an increase in the number and severity of man-made disasters (e.g., homeland security issues).

Increased Globalization and Customer-Driven Markets

America's farm and food system infrastructure is rapidly changing. The change is driven by technology, globalization, agricultural diversity, and a consumer-oriented market. Just four percent of the world's population lives in the United States, and while U.S. producers can easily meet domestic demands for food and fiber, trade expansion will continue to be a critical issue for the United States as the 21st century unfolds. FSA works diligently with the Foreign Agricultural Service (FAS) to foster trade opportunities. USDA participates in World Trade Organization (WTO) trade negotiations and notification processes that shape tariff rates on agricultural products worldwide. USDA and the WTO cooperate to establish new export protocols to facilitate access to foreign markets.

The agricultural industry has changed tremendously over the past 200 years. Major changes in how Americans live, what they eat, and how producers grow food and fiber have brought both challenges and opportunities to farming and ranching. Market and cultural globalization have introduced new and unique methods of distributing, trading, and consuming food and fiber. FSA will continue to coordinate with partner agencies to incorporate new technologies for managing agricultural programs and to improve USDA Service Centers throughout the country.

Consumer demands are changing, and increased globalization has brought more demand for specialty crops and organic foods. A demanding market, coupled with increased global competition for that market, has also spurred the need to develop innovative alternative uses for food and fiber, such as bio-fuels. As the world moves deeper into the 21st century, the domestic agricultural industry must learn to service a more consumer-driven market. Investments in technology will improve service delivery and reduce costs. The Agency's bioenergy program, although scheduled to be phased out in FY 06, has already helped increase the market share of transportation fuel for ethanol and bio-diesel. While consumer demand may continue to change, FSA will continue to work with its partners to increase the global market share of American agricultural products and support the domestic agricultural industry.



Demographic Shifts and Production Agriculture

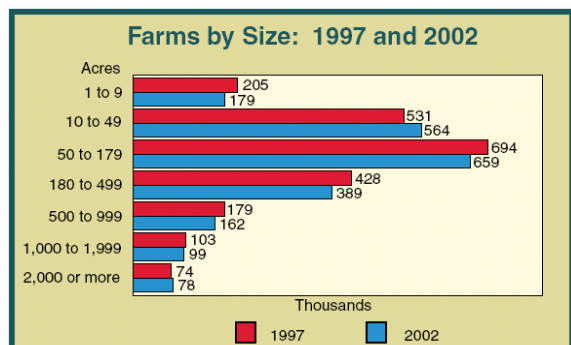


Figure 2. Number of small farms declines.

Long-term trends in farming indicate that the increased complexity of modern farming and fierce global competition will continue to drive the consolidation of smaller farms, resulting in fewer and larger farms¹ (see Figure 2). While fewer farming operations will begin during the next eight years, there are trends toward an increase in women and Hispanic farmers. These trends may result in increased demand for FSA programs that improve access to capital for beginning farmers and ranchers, women, and minority agricultural producers. FSA will work diligently to reach out to these new agricultural producers and will provide all customers equal access to its programs.

Natural and Man-Made Disasters

Farmers and ranchers still face natural resource challenges in soil erosion, preservation of wildlife habitat and wetlands. They also face a new challenge of protecting their lands from deliberate acts of terrorism. These and other 21st century challenges will require more emphasis on protecting our environment. The global economy, free trade, and transportation technologies have increased the likelihood that exotic invasive species will reach American fields. Therefore, it is important to regulate and inspect agricultural imports most likely to be carrying such species.

Human-generated sedimentation or contamination from heavy metals, pesticides or other pollutants, and development and revitalization can all adversely affect the environment. These pollutants can threaten ecosystems and watersheds that provide water for drinking, irrigation, recreation, employment opportunities and havens for biodiversity. Contamination that degrades or interrupts those benefits and services harms the economy at every level.

The future could bring an increased demand for disaster assistance, emergency loans, and humanitarian assistance programs. Natural disasters such as drought, fires, floods, and other acts of nature place farms and ranches at significant risk. As FSA cannot predict the incidence of natural and man-made disasters, the Agency is focused on improving processes and creating organizational flexibility so that FSA can quickly reallocate funds and resources to respond swiftly and forcefully to agricultural disasters.

¹ Bureau of Labor Statistics (<http://stats.bls.gov/oco/ocos176.htm>)

